

MAY 27 1980 - 2 32 PM

THIS SUBORDINATION CONSENT, dated as of April 15, 1980, by THE UNITED STATES OF AMERICA, acting through the Administrator of the Federal Railroad Administration (hereinafter called USA), under a certain Mortgage (hereinafter called the Mortgage) dated March 15, 1976 made by Delaware and Hudson Railway Company (hereinafter referred to as Railway),

W I T N E S S E T H:

WHEREAS, the Railway made, executed and delivered to the United States Railway Association (USRA) its Mortgage, dated March 15, 1976, which said Mortgage was filed with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act on March 19, 1976, Recordation Number 8241; and

WHEREAS, the Railway made, executed, and delivered to USRA and USA its Second Supplemental Indenture dated February 9, 1978 under which USA was added to the Mortgage as a co-Mortgagee, and which Second Supplemental Indenture was filed with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act on March 15, 1978, Recordation Number 8241-B; and

WHEREAS, said Mortgage constitutes a lien on the properties therein described including railroad equipment then owned or thereafter acquired by the Railway; and

WHEREAS, the Railway has acquired and now owns the railroad equipment described in Schedule A, attached hereto and

made a part hereof, which said railroad equipment has become subject to the lien of the Mortgage;

WHEREAS, The Delaware and Hudson Railroad Corporation, predecessor of the Railway, entered into a certain Conditional Sale Agreement dated as of May 15, 1968 with Bethlehem Steel Corporation, as Manufacturer (all of said Manufacturer's right, title, and interest thereunder having been assigned to First National City Bank, now Citibank, N.A., by Agreement and Assignment dated as of May 15, 1968), which agreement contains a requirement that the Railway convey equipment to replace equipment thereunder which has been destroyed;

WHEREAS, certain equipment covered by the said Conditional Sale Agreement has been destroyed and pursuant to the second paragraph of Section 3.12 of said Mortgage, the Railway has requested subordination of the lien of said Mortgage to the lien of said Conditional Sale Agreement in order to permit the Railway to substitute said railroad equipment;

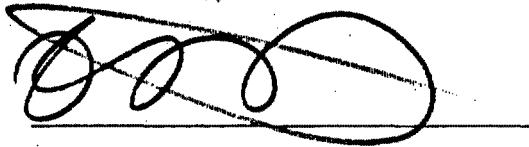
NOW THEREFORE, in consideration of the premises, USA hereby subordinates the lien of the Mortgage on the railroad equipment described in Schedule A, attached hereto and made a part hereof, to the rights of Citibank, N.A., formerly First National City Bank, as assignee of Bethlehem Steel Corporation, under the Conditional Sale Agreement dated as of May 15, 1968.

USA shall not be responsible for the recitals herein

contained, all of which are made by Railway as the other
signatory hereto.

In the Presence of

THE UNITED STATES OF AMERICA

A large, stylized cursive signature, possibly reading "J. M. Sullivan", written over a horizontal line.

John M. Sullivan
Federal Railroad Administrator

ATTEST:

DELAWARE AND HUDSON RAILWAY COMPANY

R. E. Long
Secretary

By *D. D. Muir*
Vice President

DISTRICT OF COLUMBIA) ss.:
)

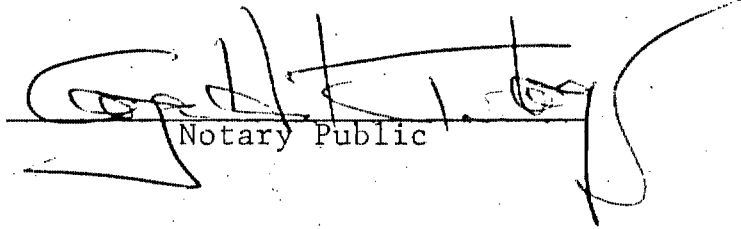
On the 9th day of May, in
the year 19 80, before me personally came JOHN M.
SULLIVAN, to me known, who, being by me duly sworn, did
depose and say that he resides at 1703 Maple Hill Drive,
Alexandria, Virginia; that he is Administrator of the
FEDERAL RAILROAD ADMINISTRATION, an agency of the United
States of America; and that acting by delegation of
authority from the Secretary of Transportation (49 C.F.R.
1.49(u)) he has signed his name to the above instrument.

Ray Boyle
Notary Public

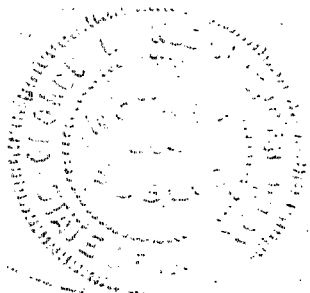
My commission expires: 5/1/82

STATE OF NEW YORK }
COUNTY OF ALBANY } ss.:

On this 15th day of April, 1980,
before me personally came D. D. Muir,
to me known, who, being by me duly sworn, did depose and
say that he resides at 18 Wilderness Lane, Valatie,
New York 12184, New York; that he is
a Vice President of Delaware and Hudson Railway Company
described in and which executed the foregoing instrument,
that he knows the seal of said corporation; that the seal
affixed to said instrument is said corporate seal; that
it was so affixed by authority of the Board of Directors
of said corporation and that he signed his name thereto by
like authority.


Notary Public

GEORGE H. KLEINDORFER
Notary Public - State of New York
Qualified in Schenectady County
Reg. No. 2144350
Commission Expires March 30, 1981



SCHEDULE A

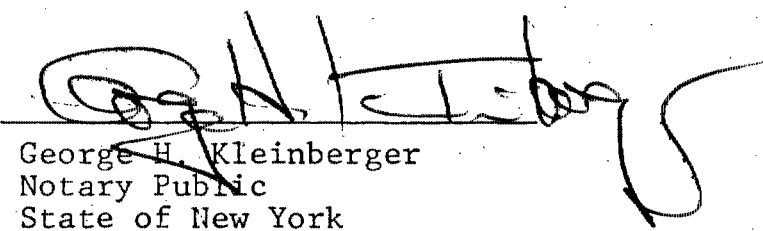
<u>Manufacturer</u>	<u>No. of Units</u>	<u>Description of Equip.</u>	<u>D and H Railway Numbers</u>	<u>Depreciated Value Per Unit *</u>	<u>Total Depreciated: Value *</u>	<u>Original Cost Per Unit</u>	<u>Total Original Cost</u>
Bethlehem Steel Corporation	16	70 Ton, 2880 Cubic Foot Capacity AAR Type HT Hopper Cars	9292 Through 9307 Inclu- sive	\$8,920	\$142,720	\$10,679.29	\$170,868.64

*As of June 6, 1978.

CERTIFICATION

I, GEORGE H. KLEINBERGER, do hereby state
that I am a Notary Public of the State of New York;
that I have compared the attached copy of document
with the original thereof, and that the attached
copy of document is a true and correct copy of the
original in all respects.

Dated: May 23, 1980



George H. Kleinberger
Notary Public
State of New York

GEORGE H. KLEINBERGER
Notary Public - State of New York
Qualified in Schenectady County
Reg. No. 2144350
Commission Expires March 30, 1981